



Employees' Retirement Board of Rhode Island
Monthly Meeting Minutes
Wednesday, March 12, 2014
9:00 a.m.
2nd Floor Conference Room, 50 Service Avenue

The Monthly Meeting of the Retirement Board was called to order at 9:05 a.m. Wednesday, March 12, 2014, in the 2nd Floor Conference Room, 50 Service Avenue, Warwick, RI.

I. Roll Call of Members

The following members were present at roll call: General Treasurer Gina M. Raimondo; Vice Chair William B. Finelli; Gary R. Alger, Esq.; Daniel L. Beardsley; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; John P. Maguire; John J. Meehan; Thomas A. Mullaney; Claire M. Newell; Louis M. Prata and Jean Rondeau.

Also in attendance: Frank J. Karpinski, ERSRI Executive Director and Attorney Michael P. Robinson, Board Counsel.

Recognizing a quorum, Treasurer Raimondo called the meeting to order.

Mr. Richard A. Licht arrived at 9:08 a.m.

II. Approval of Minutes

On a motion by Frank R. Benell, Jr., and seconded by John P. Maguire it was unanimously

VOTED: To approve the draft minutes and executive session minutes of the February 12, 2014 meeting and the draft minutes and executive session minutes of the February 14, 2014 Special meeting of the Retirement Board of the Employees' Retirement System of Rhode Island.

III. Chairperson's Report

Treasurer Raimondo apprised the Board that assets under management were \$7.9 billion as of January 31, 2014. She said the 1-year performance is 9.3%, the 3-year performance is 8.15% and the 5-year performance is 12.2%. The Treasurer noted that the standard deviation, a measure of risk, is 9.1% and she reminded the Board that the goal of the SIC is attaining a strong return with less risk.

Mr. Beardsley noted to the Treasurer that there has been much discussion and speculation by municipalities on employer costs should the mediated settlement become enacted into law. Mr. Beardsley's said there were concerns over re-amortization of the unfunded liability. Mr. Beardsley noted that the Governor had a forum at the State House for municipal officials and the impact of such costs were discussed. He asked if the information referenced can be provided to him and if not, could the Board request an analysis from Gabriel, Roeder, Smith and Company (GRS). Treasurer Raimondo said that the information is not readily available but can easily be obtained and noted that there are estimates in the interim.

Mr. Boyce queried Director Karpinski about what notification could be provided to the members of communities who are receiving Cost of Living Adjustments (COLA) this year. Director Karpinski said that ERSRI's website would provide information regarding details about who would be eligible for COLA's. Mr. Boyce asked if it was possible to provide notification to each of the plans since some retirees may not have ability to go online. Director Karpinski said given the COLA B and C provisions, not every retiree may be eligible for a COLA and it may create confusion from retirees.

IV. Executive Director's Report

Director Karpinski apprised the Board that they were in possession of the Pension Application Report and two Disability Subcommittee Reports as the Subcommittee met on March 7th and 10th.

The Director informed the Board that Mr. Henry R. Jacques withdrew his appeal for a hearing before the full Board. The Director also noted that he had sent an email to Board members noting the withdrawal. Consequently, Director Karpinski told the Board that there would be only one hearing for today, namely, *Albert Delmastro, Jr. vs. ERSRI*.

Director Karpinski reminded the Board about the training session to be held at the W. Alton Jones campus at URI on Friday March 28th from 8:30 a.m. to 4 p.m. The Director informed the Board that Gabriel, Roeder, Smith and Company would be there to discuss the valuation process and funding methods. He said Attorney Michael P. Robinson would provide a presentation on the disability process, procedures and Rhode Island General Laws applicable to disabilities and recent cases affecting the adjudication process. Lastly, the Director said he would provide an overview of ERSRI operations. He noted that a formalized agenda would be forthcoming.

Director Karpinski apprised the Board that the "*Report of Contributions*" delinquency reports are included in the Board book and all are current with the exception of the Central Coventry Fire District, which Attorney Robinson will discuss in further detail in his legal update report today.

Director Karpinski apprised the Board regarding the Regulation No. 16 Social Security Supplemental Plan (*SRA Plus*) Adjustment. He said that of the 1,100 letters sent out, 399 have been returned and 67 have chosen to elect the adjustment.

Mr. Boudreau noted that there was an article in The Providence Journal on March 1st regarding contribution deferrals and money the State had owed the System in 1991 and 1992. He noted the article said that the money was paid back with interest. Mr. Boudreau said the June 30, 2013 valuation made mention of the 1991 and 1992 deferral but made reference of the impact on the unfunded liability. The Director said the deferrals make up less than 1% of the unfunded liability and is paid back by an increase in employer contributions. Mr. Boudreau was concerned about the time it would take to reach the 80% funding level necessary for the plan to regularly provide a COLA. He said there were 22 years remaining on the amortization and was concerned the deferrals could affect the timing or attainment of 80%. Director Karpinski said, as noted previously by the actuary, they would begin to adjust the valuation funding prior to the plan reaching 80% and not right at 80%. He noted there would be other factors that could affect the funding level as well such as market fluctuation and demographic changes. Accordingly, he said the deferrals would have limited impact on the assent to 80% funding.

Mr. Boudreau then asked if there were any plans to provide any on-line calculators related to the settlement mediation. Director Karpinski said there were no plans to provide any calculators unless and until the settlement is enacted into law in its current form. He noted that members could already login to their accounts and obtain eligibility information necessary to determine how the mediation affects them. Mr. Boudreau suggested the COMPASS Newsletter provide some information about how the website can be used to determine eligibility under the proposed settlement.

V. Administrative Decisions

Disability Appeal – Albert Delmastro, Jr. vs. ERSRI

Included in the board books, under separate cover, were the Findings of Fact as concluded by the Disability Subcommittee, transcripts from the appeal to the Disability Subcommittee, medical and supporting information for the matter of *Albert Delmastro, Jr. vs. ERSRI*. Attorney Robinson asked if consistent with Regulation Number 9, *Rules pertaining to the application to receive an Ordinary or Accidental Disability Pension*, there were any written briefs, legal memoranda, or exceptions to the conclusions and recommendation of the Disability Subcommittee which must have been submitted to the Executive Director not later than 10 days prior to the hearing. Director Karpinski apprised the Board that all the information that was received relative to the case from the Disability Subcommittee was included in the Board members' books. Attorney Robinson then said that pursuant to ERSRI's regulations, each party to the proceeding has the right to appear and to make oral arguments before the Retirement Board in support of the application.

Attorney Robinson confirmed that Mr. Delmastro had previously not had legal counsel and does not have legal counsel today. Mr. Delmastro said he would be proceeding without legal counsel today. The stenographer then swore in the appellant. Attorney Robinson then provided a synopsis of the *Albert Delmastro, Jr. vs. ERSRI* matter. There being a stenographer present, the parties presented their cases.

A motion was made by Jean Rondeau and seconded by Gary R. Alger, Esq., to uphold the decision of the Disability Subcommittee to deny the accidental disability application. A roll call was taken, the following members voted Yea: General Treasurer Gina M. Raimondo; Vice Chair William B. Finelli; Gary R. Alger, Esq.; Daniel L. Beardsley; Frank R. Benell, Jr.; Roger P. Boudreau; Michael R. Boyce; Richard A. Licht; John P. Maguire; John J. Meehan; Thomas A. Mullaney; Claire M. Newell; Louis M. Prata and Jean Rondeau.

There being 14 votes cast, 14 voted in the affirmative, consistent with Rhode Island General Laws §36-8-6, *Votes of the Board -- Record of Proceedings*, there being a majority vote of the members present and voting at which a quorum is present, it was then

VOTED: To uphold the decision of the Disability Subcommittee in the matter of *Albert Delmastro, Jr. vs. ERSRI* denying his application for an accidental disability benefit.

VI. Approval of the February Pensions as Presented by ERSRI

On a motion by Thomas A. Mullaney and seconded by Frank R. Benell, Jr., it was unanimously

VOTED: To approve the February pensions as presented.

VII. Legal Counsel Report

Regarding the Central Coventry Fire District, Attorney Robinson apprised the Board that Judge Stern issued an order of liquidation effective May 16, 2014 and asked the special master to prepare a proposed plan of liquidation for his review prior to that date. Attorney Robinson anticipated that the plan of liquidation will involve some form of recommendation involving a supplemental tax levy to satisfy creditors including paying off the MERS debts.

Mr. Maguire asked if there would be an opportunity to weigh in on the plan of liquidation if the Board feels it is unsatisfactory for repayment. Attorney Robinson responded that interested parties would likely have an ability to file objections to the proposed liquidation plan.

Attorney Robinson also apprised the Board regarding John Grasso, a Cranston Police Officer receiving an accidental disability pension, who filed suit against the Board, Executive Director Frank Karpinski and General Treasurer Gina Raimondo, both in their official and individual capacities. He said Mr. Grasso has challenged the legal ability of the System to send him for additional annual IME's and to adjust his pension based on post-retirement earnings. Mr. Grasso filed a declaratory judgment action in Superior Court before exhausting his administrative remedies. Subsequently, Attorney Robinson filed a motion to dismiss on behalf of the System, the Board, the Treasurer, and the Executive Director, both in their individual and official capacities, which was argued and then denied last month by Judge Montalbano. The matter was also argued before an administrative hearing officer and Attorney Robinson is waiting for a decision. Attorney Robinson said in regards to the Superior Court case, in order to protect the record after the motion to dismiss was denied, an answer and counter claim was filed.

VIII. Committee Reports

Mr. Finelli thanked the staff and the members of the Disability Subcommittee for their efforts as the subcommittee met on two occasions, March 7th and 10th. Treasurer Raimondo also acknowledged the extra efforts.

Disability Subcommittee:

The Disability Subcommittee recommended the following actions on disability applications for approval by the full Board as a result of its meeting on Friday, March 7, 2014:

Name	Membership Group	Type	Action
1. Jennifer Lambert	Teacher	Ordinary	Approve
2. Christopher Leveillee	Municipal	Accidental	Deny

Name	Membership Group	Type	Action
3. Linda Acciaro	State	Accidental	Deny
4. Linda Burgess	State	Accidental	Approve at 66 2/3%

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, March 7, 2014 on item 1.

John P. Maguire recused himself from the vote on number 1.

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Friday, March 7, 2014 on items 2, 3 and 4.

The Disability Subcommittee recommended the following actions on disability applications for approval by the full Board as a result of its meeting on Monday, March 10, 2014:

Name	Membership Group	Type	Action
1. Jennifer Leyden	Teacher	Accidental	Postpone
2. David Palumbo	State	Accidental	Deny
3. Edward Young	State	Accidental	Approve
4. Madeline Viveiros	State	Accidental	Deny
5. Nicholas Romeo	Municipal	Accidental	Approve
6. Gilbert Allen	Teacher	Accidental	Deny
7. Pamela Testoni	Teacher	Ordinary	Approve with 1-year review
8. Russell Refino, Jr.	Municipal	Ordinary	Postpone

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, March 10, 2014 on items 1 and 6.

John P. Maguire recused himself from the vote on numbers 1 and 6.

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, March 10, 2014 on item 3.

John J. Meehan recused himself from the vote on number 3.

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, March 10, 2014 on items 2 and 4.

Claire M. Newell recused herself from the votes on numbers 2 and 4.

On a motion by William B. Finelli and seconded by Michael R. Boyce, it was unanimously

VOTED: To approve the recommendation of the Disability Subcommittee meeting of Monday, March 10, 2014 on items 5, 7 and 8.

IX. Adjournment

There being no other business to come before the Board, on a motion by Roger P. Boudreau and seconded by Richard A. Licht, the meeting adjourned at 9:44 a.m.

Respectfully submitted,

Frank J. Karpinski
Executive Director